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**FISCAL IMPACT STATEMENT**

**LS 7372**

**BILL NUMBER:** HB 1009

**NOTE PREPARED:** Jan 30, 2004

**BILL AMENDED:** Jan 29, 2004

**SUBJECT:** School Tax Levies.

**FIRST AUTHOR:** Rep. Cheney

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** (Amended) This bill authorizes a school corporation to: (1) file an appeal to impose an additional levy to make up a shortfall in property tax collections in a fund other than the school general fund; and (2) increase the school corporation's transportation fund levy by the amount by which the state has reduced its transportation distributions to the school corporation. It provides that the increase in the transportation fund levy and the shortfall levy are not eligible for Property Tax Replacement Credits or Homestead Credits.

This bill extends the sunset date for issuance of school corporation bonds for retirement or severance liability from December 31, 2004, to December 31, 2006. It provides that a school corporation may not issue such bonds after December 31, 2004, unless the school corporation submits to the department of local government finance before January 1, 2005, a proposal concerning the issuance of the bonds to implement solutions for the school corporation's retirement or severance liability.

**Effective Date:** Upon passage; July 1, 2004; July 1, 2006.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** (1) The number of schools that would file for an appeal for a shortfall in property tax collections in a fund other than the school general fund is unknown. The number of appeals would probably be minor. As an example, from CY 2001 to CY 2003 the average number of appeals per year

was about 18 and the value of the appeals was \$800,000 annually.

(2) The total amount of the allowable appeals for the transportation fund levy to incorporate the elimination of state funding for regular, special education, and vocational education transportation would be about \$32.9 M. A school may appeal for the loss in state transportation revenue in one year or over several years, but the total amount of the appeals cannot exceed the amount the state distributed to the school for the period of June 30, 2003, to December 30, 2003.

Neither appeal is eligible for Property Tax Replacement Credits or Homestead Credits.

(Revised) The bill extends the deadline for issuing retirement or severance bonds from before December 30, 2004 to January 1, 2006. A school would have to submit a proposal concerning the issuance of retirement or severance liability bond to the Department of Local Government Finance before January 1, 2005. It is unknown how many additional schools might qualify with the extension of the bond issuance deadline.

**State Agencies Affected:**

**Local Agencies Affected:** School corporations.

**Information Sources:** Department of Local Government Finance Database and List of Appropriations for the 2003-05 biennium.

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